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MANCHESTER STATISTICAL SOCIETY.

The Economic Conditions of Good Trade.

BY WILLIAM HOYLE.

[Read May 12th, 1880.]

ECONOMIC SCIENCE is the science which has to do with the development of wealth. It is not only a deeply interesting but a highly useful science. As the student of nature will know, throughout all creation there is the universal reign of law, and it is the aim of the student to investigate the laws which govern the operations of nature, so as to secure to the fullest extent the benefits arising therefrom; and though economic science does not come so fully within the domain of what are called the *natural sciences*, having more to do with the actions of society, yet it is as certainly governed by laws as they are, and the aim of the student should be to investigate the laws which govern society in its relations to the development of wealth, so as to secure to the full the benefit of those laws.

I have said that economic science is the science which has to do with the development of wealth.

By wealth I understand those articles or materials which satisfy, or are thought to satisfy, human wants or desires, but which can only be obtained by labour, or by money, which represents labour.

Economic science expounds the conditions or arrangements which must exist in society in order to insure the greatest development or production of wealth.

If time permitted I might refer at length to the marvellous progress which, during the last century or so, has been made in the power of production. The discoveries of science, the invention of machinery, the organisation of labour, and the perfecting the commercial arrangements of the nation, have all contributed to this.

Going back 200 years in the nation's history we are landed in times when the steam engine was unknown, and when machinery, except of the rudest kind, had not come into use. At that time the motive power which impelled such machinery as did exist was either the gin worked by manual labour, or by brute force, or it was manual labour, or brute force, unaided by the gin. Here and there a fall of water was utilised to develope power, or perhaps a windmill was erected, but the main producing power of the country was the labour of animals or man.

The invention of the steam engine by Savery and Newcomen, and its further development by Watt, introduced a complete revolution in regard to motive power; and being followed by the invention of the mule, the jenny, the water-frame, the loom, and mechanical appliances of all kinds, and adapted to all manner of trades, it augmented the power of producing wealth to an extent almost exceeding the dreams of avarice.

And yet, notwithstanding all these inventions, if we examine the growth of our trade during the earlier decades of the present century, we shall see that but little progress was made; indeed, our foreign trade decreased, for whilst our total exports for the ten years ending 1809 were £398,412,224 in value, for the ten years ending 1829 they only amounted to £364,158,419, being a falling off of over £34,000,000.

An inquiry as to the regulations affecting trade and commerce during the period here referred to, will supply the explanation for

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the chronic condition in which our trade remained so long ; for almost, if not entirely, every article was heavily taxed, protection was rampant, especially after 1815, and the other grievous restrictions which encumbered our commerce still further aggravated the paralysis which existed in trade.

The entrance of Huskisson, Poulett Thompson, and others, into the political arena, which occurred about the year 1823, was the beginning of a sounder public teaching in regard to commercial matters. Huskisson and his friends had mastered the principles laid down in the great work of Adam Smith—"The Wealth of Nations"—and they had in the main accepted the free trade doctrines which are there inculcated ; but the country was ignorant, and the ruling classes, who were largely landowners, believed that their interests were bound up in the maintenance of protection and of heavy tariffs, and hence any real reform was impossible. Some slight changes, however, were made in 1825 and 1826, which were followed by still greater changes in 1832 and 1833, when the Reform Ministry came into power ; but though the reforms secured were comparatively trifling they were a beginning, and the benefits resulting from them paved the way for greater reforms in the future.

The formation of the Anti-Corn-Law League in 1838, backed up, as it was, by the economic teachings of its illustrious leaders, Messrs. Cobden, Bright, and others, was the one great event which, more than anything else, and probably more than all other things combined, led to the acceptance by the nation of sounder views in regard to trade and commerce. Messrs. Cobden and Bright belonged to the Liberal party, but fortunately at that time the leader of the Conservative party, Sir Robert Peel, who from 1841 to 1846 was head of Her Majesty's Government, was a man pre-eminently enlightened as an economist and fiscal reformer. Sir Robert Peel promoted large reductions in our tariff, and in 1846 he adopted Free Trade. This was the beginning of an era of trade expansion such as the world had never before seen.

In order more fully to illustrate the development which has taken place in our trade I have added up the totals of our exports for the ten years ending 1879, and for each of the previous ten years during the present century. The figures are as follows:—

Table showing the Export Trade of the United Kingdom for each Ten Years of the Present Century.

Ten years ending	£			£
1809	398,412,224	.....	...	...
1819	428,979,769	.....	Increase	30,567,545
1829	364,158,419	.....	Decrease	64,821,350
1839	439,307,837	.....	Increase	75,149,418
1849	554,470,620	.....	,,	115,162,713
1859	1000,613,393	.....	,,	446,142,783
1869	1597,596,701	.....	,,	596,983,308
1879	2180,283,873	.....	,,	526,817,172

These returns fully confirm the remarks I made touching the influence of Protection upon our trade, and they show that in proportion as the shackles of Protection were removed it increased in its development, and when Free Trade in its entirety was adopted, it grew in volume to an extent wholly unparalleled.

There is another fact which it will be interesting to know, and which in a review of British commerce ought not to be overlooked. It is this—that during the whole of the present century, prior to the year 1873, the export trade of the United Kingdom never declined in value for more than two years together, and very rarely for more than one; but since then it has not ceased to droop, and last year was the seventh year of this continued declension, though, as I have already said, prior to this period trade had never fallen more than a couple of years consecutively during the whole of the present century.

Comparing the second half of the past ten years with the first, I find that the reduction has been somewhat considerable. In order to show this I give the figures for each year:—

Table showing the Value of the Exports of the United Kingdom for each year of the Five Years ending 1874 and 1879.

£		£		
1870	199,586,822	.....	1875	223,465,963
1871	223,066,162	.....	1876	200,639,204
1872	256,257,347	1877	198,893,065
1873	255,164,603	1878	192,848,914
1874	239,558,121	1879	191,503,672
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£1173,633,055		£1007,350,818		

Showing a falling off during the latter period of five years as compared with the former of £166,282,237, or 14·6 per cent.

Time will not permit me to refer to the many influences which have been at work producing this change; and the object of my paper is not so much to explain the trade of any particular period as to endeavour to elucidate the laws affecting trade at all periods. If I succeed in throwing light upon this it will remain for each individual to apply the principles which may be established to the circumstances of the past few years, or any other period, and thus form his own conclusion as to the causes which have operated to produce the depression from which the country has suffered.

I have already referred to the marvellous increase in the productive power of the community resulting from the invention of the steam engine, &c. So great has this been the case that a given number of men, aided by machinery, and with a skilful division of labour, will produce as much, or more, than ten times the number could do before these appliances were at command, and in proportion as invention and science progress this productive power will continue to increase.

Possibly the question may arise in some minds, are we not getting towards a point in our producing power when, in consequence of our great production, the world will be glutted with goods, and when, owing to the excess of commodities which this augmented production will cause, the demand for them will fall off, and as a consequence there will be distress and want?

A few moments' consideration will show how utterly impossible this is, for it will be self-evident that if the world be glutted with goods there cannot in such a case be distress and want. To talk of an excess of goods as the cause of want is as unreasonable as to say that darkness is caused by there being too much light. True, there may be glut in one place and want in another, but that arises from the violation of some economic law affecting either the production, distribution, or consumption of wealth, and what in such a case should be done is to find out where this violation of law is being perpetrated, and correct it. There will then be plenty for all, and no glut anywhere.

A universal glut is an impossibility, for the simple reason that when people everywhere become possessed of the comforts of life in such abundance as that all their desires are met they will cease to produce. People toil, not for the love of toil, but for its proceeds—that is, to supply their wants—and this being done, the motive to labour is gone. They will then cease to labour, and overproduction will be immediately checked.

And there is another point which must not be overlooked in considering the question of glut. It is this: the wants of a community invariably increase in proportion as the means of supply grow. We see this daily; for if a man by attention to business makes money, or if he be a workman and gets a fair advance of wages, he at once adds to his comforts. Perhaps he goes into a larger and better house. He then wants more furniture, more books, and more of everything; and thus he goes on, the limit of his demand being only bound by the extent of his supply.

As is the case individually, so it is nationally—the limit of what society generally is prepared to utilise for its enjoyments and wants is only bounded by the limit of its power to produce; and therefore the discoveries in science, and the inventions of machinery which have done so much to augment our producing power, instead of causing a glut in the markets of the world, and thereby involving stagnation in trade, have but multiplied our comforts, stimulated

our industries, and so increased the material, social, and domestic happiness and well-being of the people.

Neither will this increased power of production injure trade—it will help it; for trade being the interchange of the commodities which one person or nation produces for those which are produced by others, it will be evident that the extent of trade must be proportioned to the increase of production; and therefore, if people produce little they will have little wherewith to trade; on the other hand, if they produce much their means of interchange will be great accordingly.

There is one other thought I wish to refer to before passing immediately to the main topic of my paper. It is this: if by the aid of machinery, &c., people can produce, say, ten times as much as they could 150 or 200 years ago, the risk of poverty and want ought to be proportionately lessened—indeed, the risk ought virtually to be annihilated; for if in former times people could subsist in any degree of comfort whatever, when they possessed only one-tenth of the producing power they now have, they ought now not only to be beyond the reach of want, but to be rolling in abundance and comfort; and so they would be, did they observe the *Economic conditions which are needed to insure sound and prosperous trade.*

As briefly as I can, then, I will proceed to refer to these conditions; and in order better to elucidate the subject I will classify it under four heads or departments.

- I.—The Governmental Department of Trade.
- II.—The Producing Department of Trade.
- III.—The Distributing Department of Trade.
- IV.—The Spending or Consuming Department of Trade.

I.—THE GOVERNMENTAL DEPARTMENT.

One of the primary conditions needed to secure good trade is that of good government. Governments help or injure trade in

many ways. I cannot, in the time at my command—even if I were able—allude to all the duties of government that influence trade, but I will refer to a few.

1. Government ought to insure to persons who, by their own skill and industry, produce valuable inventions such protection as will insure to them the reward of their skill and toil, and this ought to be done without these persons being obliged to pay so heavily to secure it. Such payments are taxes upon genius and industry, and they are especially unjust to persons who are poor, because they make it impossible for such individuals to obtain the reward of their own skill and industry. Our patent laws ought therefore to be revised so as to correct these evils, and enable inventors for the smallest fee, and with as little trouble as possible, to secure the benefit of their labours.

2. Government should see to it that the laws affecting trade and commerce are as effective as possible; and also that they cost as little as possible in their administration. The laws of the country should be so framed as to make it easy for traders to recover debts, and also to protect themselves from the frauds of persons who are unscrupulous and dishonest. All needless cost and insecurity in these matters are so many weights that repress and damage our trade and industry.

3. It is the duty of a Government to arrange matters, so that all the resources of the country shall be placed upon a footing that will give to every citizen the fullest facility to make use of them. The position of our land laws is a case in point, and the obstacles which exist to the acquisition and cultivation of land ought to be removed, so that the population may have opportunity to invest their money, or apply their labour to developing the resources of the soil. At the present time most of the land in this country is virtually locked up, and, according to Mr. Caird, the total annual output from the soil is only £260,000,000 in value, but if the obstacles to improved agriculture were removed, and the land was fairly cultivated, the output, according to Mr. Meehi, would

reach £588,000,000 in value, or more than double what it now is ! Such an improvement would largely augment the nation's wealth. It would create a great demand for additional labour ; it would enable the country to supply itself with food instead of having to purchase such large quantities from other countries ; and the money thus expended at home, and the wealth thus created, would correspondingly increase our trade and promote our industries.

4. A Government ought to impose as few taxes upon its subjects as possible, and it ought also to arrange the incidence of taxation in such a manner as that it will fall as evenly as possible upon all classes in the State in proportion to their means. A Government should also, as far as possible, avoid taxing the necessities, the energies, and the virtues of its people. All taxes which are levied upon a people are so many draws upon the nation's wealth, and they reduce by that amount the spending power of the people, and consequently their ability to help trade ; and if, in addition, the taxes are levied in a manner that operates as a fine upon the energies, thrift, and virtue of the people, they become doubly hurtful to trade, besides being at the same time detrimental to their moral stamina.

5. The Government of a country should conduct the affairs of the nation in as stable and peaceful a manner as is consistent with the honour and interests of the country it rules. When a Government is unstable, or when it is given to be meddling in other people's matters, it causes uncertainty and distrust, and it increases risk. These lead to a falling off in trade, and probably, if continued, will end in driving it to other and more settled countries or districts.

6. The Government of a country should use its best efforts to secure from other nations such commercial arrangements as will tend to the development of the trade of both countries. To this end it will urge the reduction or abolition of tariffs, and the abolition of all other restrictions that obstruct the carrying on of trade. If more of the time which Government spends in foreign

matters were devoted to the interests of trade and commerce, and less of it to armaments and wars, it would greatly benefit trade, and in other ways it would be an inestimable blessing to the world at large.

7. A Government should also labour to promote the education of its people, because an educated population will be much more efficient in performing the duties of citizens, both in regard to trade and other matters, than an ignorant one. To this end schools should not only be established where the elementary branches of general knowledge are taught, but there ought also to be schools established for the promotion of technical knowledge, so as to enable workmen to study those branches of knowledge bearing upon their special trades. Men so trained would do more and better work than if they were ignorant, and so all would tend to the improvement of trade.

8. A good Government will seek to encourage all agencies calculated to promote the virtue, industry, and thrift of its inhabitants, for a steady and industrious people will not only turn out more work but they will do it better, and so the nation's wealth will be augmented, and its trade and commerce stimulated. On the other hand, agencies which demoralise the workman will not only reduce the output of work but will deteriorate its quality, and thereby do material injury to the industry of the country.

9. A good Government will avoid any needless drafting of its population into the army or navy, or the militia, or into any other post which calls them away from the pursuits of industry. Men who are called to serve in the army are always in the prime of life, when they are best fitted for the duties of the workshop, and thus society is not only taxed to maintain them but it loses the benefit of their labour at a time when it is most productive. At the present time, in the armies of Europe, there are over 3,500,000 soldiers, and the cost of European armaments, coupled with the interest of their National Debts, is over £300,000,000 yearly, and if to this we add the loss of money resulting from the

men being taken off from productive labour, it will give at least £400,000,000 annually as spent on armaments and war, even in time of peace. All this, if not thus abstracted from the incomes of the people, would be available for trade, which would thereby be immensely benefitted; and further, if people were delivered from the fear of wars, they would apply themselves with more confidence and energy to industrial pursuits, and in this way, also, trade and commerce would be greatly promoted.

10. And lastly under this head. A Government should see to making the best possible arrangement, so that its population shall have every facility given to save money and every encouragement to practice habits of thrift and economy. To this end the convenience of the Post-Office Savings Bank should be further extended, and other arrangements made to the same end. Such action on the part of Government would do much to promote trade, and it would also lessen the fluctuations and depressions which now occur, arising from the fact that so many people being improvident, whenever trade falls slack they are at once thrown destitute, and are obliged to come upon the rates of the country for support, whereas, had they money saved, they would not only be kept off the rates, but they would have a reserve fund to fall back upon, the spending of which would continue the demand for goods, and thus help to keep the wheels of commerce in healthy motion.

I might go on and refer to other points connected with government, but these will be sufficient to show what a vast influence, for good or for evil, the Government of a country must exercise upon its trade and industry, but time will not allow. What I have advanced will clearly show the need that exists for learned bodies like the one which is met here to-night calling the attention of the public to the influence which right government will exercise upon their material well-being, as by so doing it will influence them to seek to place men in office whose views are not inimical to the nation's industrial welfare.

I come now to consider—

II.—THE PRODUCING DEPARTMENT OF TRADE.

1. I would remark that an economical producer will be ready to take every advantage of the saving which may be effected by the use of machinery. Machinery generally increases the out-turn of goods and diminishes the cost, whilst at the same time machine-made goods are often better in quality than if produced by hand. Every reduction in cost, or increase in the power of production, adds to the wealth of the nation, the comforts of the people, and so is an additional help and stimulus to trade.

2. The economical producer will endeavour to secure as effective and complete a division of labour as is possible. By so doing he will gain many economical advantages. Amongst others I may mention the following :—

(a) By such a division of labour workmen become specially clever, because their attention and energies are so largely concentrated upon one department of labour. Here the adage is true—practice makes perfect.

(b) This division of labour saves time, and therefore money, by avoiding the need of changes from one department of work to another.

(c) Division of labour, by enabling production, or, in other words, manufacturing to be carried on in departments, gives greater opportunity for the use of machinery. It thereby reduces cost and stimulates invention, and thus in a twofold way it benefits industry.

(d) Division of labour also gives greater opportunity for the adaptation of individual capacities, for in concerns where there is almost every variety of work done, there is sure to be some work for which each person is best adapted. Economy in production is best secured by each man being in the position for which he is best fitted. Division of labour enables this to be secured. In this way production is increased, and the wealth of the nation augmented.

(e) Division of labour also reduces the need for long apprenticeships. A person will sooner become proficient in one branch of industry than he would if he had to learn three. Time is thus saved, and so economy is promoted.

3. The economical producer will arrange the various processes of his manufactures in such a manner as that they shall follow one another in proper order, and so avoid any needless labour in the shape of carriage, or travelling about.

4. The economical producer will be careful not only that he pays a fair day's wage for a fair day's work, but that he gets a fair day's work for a fair day's wage. The notion that exists in some minds that to do little work will help trade is a mischievous fallacy, for it reduces the quantity of goods produced, and also increases their cost, and whatever does this, as I have already remarked, is hurtful to trade.

5. The economical producer will never apply his energies to producing for himself what he can procure more cheaply elsewhere. This is true both of individuals and nations. Some individuals and localities and nations are better adapted for producing certain things than others are; and if each produces that for which it is best adapted, and then exchanges it with others who produce that for which they are best adapted, all get the best and cheapest of everything. To secure this is the great end of trade, and in proportion as it is carried out so will trade be prosperous and the wealth and comforts of the world be augmented.

6. The food man eats, the materials out of which his clothes are made, and also some of the materials used in the structure of his dwellings, are supplied by nature—that is, they are the products of cultivation; and as the bountifulness of the crops is dependent upon the weather, the climate, and the soil, this part of man's income is subject to fluctuation. But if there are bad harvests there are also good ones; and if in good times we are wise, and husband our resources, we shall be fully prepared to face the years of deficiency. The difference in the harvest between a good and

bad season will be from 10 to 30 or even 40 per cent ; and for the reasons I have before adduced it will be seen that trade will be affected proportionately. Good harvests increase the wealth of the community, and thereby increase their trading power ; whilst bad harvests reduce the wealth, and in like proportion cripple that power.

I know that man cannot control nature, but he can do much to lessen the resulting evils. By irrigation he can largely prevent the evils resulting from drought, and by efficient drainage he can diminish the mischiefs arising from excess of rain. Attention to drainage in our own country will greatly increase the safeguards against bad weather here ; whilst in India and some of our other colonies, as well as in most tropical countries, if irrigation be attended to it will avert the evils of drought, lessen the risks of famine, and in ordinary seasons increase the produce from the soil. Nations that are wise will attend to these points, for by so doing they will mitigate, if not wholly prevent, the depression in trade which invariably would follow from deficient harvests.

III.—DISTRIBUTION DEPARTMENT.

We cannot fully enjoy the benefits resulting from good government and economical production unless at the same time attention is paid to making provision for the economical distribution of the goods produced. The object of trade, as has been previously stated, is to secure to every one the opportunity of obtaining everything at the lowest possible cost ; and supposing goods were produced ever so economically, it would be little to the purpose if there was no market for them when produced, or if to get them to a market added 50 per cent to the cost price. If we wish to secure an economical distribution of goods attention must be paid to the following among other points :—

1. Arrangements must be made to minimize as much as possible the cost of carriage from one part to another. In our own country, intersected as it is in every part by good roads, canals, and railways, and surrounded as we are by the ocean, the great

highway of the nations, we are placed upon the best possible footing in this respect. If we cast our minds back to the time when canals and railways were unknown, and when our roads were in such a condition that merchandise could only be distributed by pack-horses carrying it about upon their backs, we shall form some idea as to the obstacle which this must have been to the development of trade. Macaulay tells us that in those times the cost of carriage of goods between Birmingham and London was £7 per ton, and between London and Exeter £14 per ton, or about five times as much as at the present day.

So important to the development of trade is cheap and convenient carriage of goods that recently Mr. Gladstone wrote a very able article in one of our magazines, pointing out the great influence of the railway system as a factor in the development of our trade. The United States, too, have wonderfully developed the resources of their country by constructing railways, which carry on to her seaports, and thence to the world, her productions. If some of the money we have spent in wars had been expended in opening out the internal communications of our colonies, our trade with them would have been much larger, and their populations proportionately benefitted thereby.

2. It is important in arranging the distributional department of trade that it does not get too much into the hands of middlemen. It is an economy of labour when central depots, or markets for the free disposal of merchandise, are established. It saves time, by avoiding running from one place to another. But it sometimes happens that these middle traders obtain control of a business, and as far as possible convert the same into a monopoly. Rings of reckless speculators often attempt the same thing. When such is the case, trade becomes deranged, the free distribution of merchandise is prevented, goods are often unduly enhanced in price, and legitimate commerce is injured.

3. To secure an economical distribution of goods there must be good monetary arrangements, so as to enable payments to be made

with ease and safety. In our own country these on the whole are very complete; but still it is not impossible that there may be further improvement, especially in regard to the use of coined money. Money is not wealth, but simply the representative of wealth, but having an intrinsic value in itself, it serves as a secure medium of exchange. The production of gold and silver, however, involves labour, and there is no reason of which I am cognisant why the use of bank-notes as mediums of exchange may not be more extensively increased. If behind these notes there are securities that will always insure their payment in full, that is all that is wanted. A gold sovereign needs a sovereign's worth of labour to produce it. If a medium of exchange costing less labour can be securely introduced, then by the amount of labour saved will be the gain to trade and commerce.

IV.—THE SPENDING OR CONSUMING DEPARTMENTS.

The first remark I would make under this head is to urge the great importance of this department of the subject. It is one that has been much neglected; and individual or national errors in this department have a very potent influence in causing bad trade and hard times.

Let me here recapitulate two or three points:—

1. That inasmuch as wealth is the result of labour, it follows that the value of commodities, or, in other words, of wealth, will in the aggregate be in proportion to the amount of labour expended in their production.

2. That whereas trade consists in the exchange of commodities, it follows that the extent of trade must be proportioned to the quantity of commodities which are produced. Consequently, whatever increases them will increase trade, and whatever diminishes them will necessarily reduce trade.

The income of the nation, which represents the wealth produced, is the fund out of which are drawn the resources by which to carry on trade. Whatever, therefore, diminishes that fund lessens the power to trade.

So far as economic results go, waste of wealth is equally hurtful whether it takes place in the process of production or of consumption. If a manufacturer lose £1,000 annually by wasteful expenditure, it tells upon his resources just as much as if he had lost it by wastefulness in the management of his business.

The total yearly income of the population of the United Kingdom is estimated to be about £880,000,000 per annum, or say £17,000,000 weekly. This amount represents the value of the wealth which is produced. Now, if while the nation produces only £17,000,000 in value weekly it consumes or destroys £20,000,000, the wealth at command decreases, and our capacity for trade is lessened to the same extent, inasmuch as the materials whereby to carry on trade are diminished. On the other hand, if while the nation's weekly income is £17,000,000 we consume only £14,000,000, or say £12,000,000, our wealth increases in like ratio, and our trade will grow in proportion.

In a previous part of this paper I have pointed out the great increase which has taken place in our producing power, as compared to what it was in former times. I also pointed out that in proportion as our producing power had increased so had grown our trade, and also our chances of being rid of depression and want ; but the fact must not be overlooked, that though we produce much more than formerly our consumption is also much greater, and the measure of our increase of wealth is not what we produce, but the difference between what we produce and what we consume. If, as I have before said, whilst we produce £17,000,000 we destroy or consume £20,000,000, then, despite our large production, we gradually become poorer.

Economically considered there are three ways of spending money.

1. So as to yield a productive return.
2. So as to yield no return at all.
3. So as to yield a mischievous return.

I shall best explain these points by using personal illustrations. I will take the case of three men, each one when at work earning

30s. per week. The first one lives on 20s. and saves 10s., which he deposits in some building club, co-operative store, or other place of security, and gets 5 per cent interest for it. At the end of five years, what with interest and compound interest, he is worth £150. With this sum he builds a house, for which he draws a rent of 4s. weekly. His income then is virtually 34s. weekly, for 4s. of which he does not work.

The second individual is a man of fashion, and it takes all his income to supply himself with what is needed to keep up to the fashion. At the end of the five years he has nothing.

The third man is somewhat dissipated in his habits, and out of his 30s. he spends at least 10s. in drink. He goes home drunk two or three times weekly, and thus makes home miserable. Two or three days per month, or more, he neglects his work, and sometimes he goes to work when, owing to his dissipation, he is physically unfit, and does mischief. His dissipated habits injure his health and cut short his life, and very likely in the time of his sickness the parish is his guardian, and the workhouse his home.

In the case of the first and second of these men, so far as the immediate result upon trade goes there is no difference. All their wages in both cases go to support trade; but the money of the first, being spent reproductively, accumulates, whereas the money of the second does not—it is all consumed in keeping the spender up to the fashion. In the case of the third man, the money is not simply spent unproductively, but destructively, for food has to be destroyed to manufacture the drink he consumes; his health, time, and character, are wasted in its consumption; he neglects his work, and thus time is wasted. Owing to the maddening influence of the drink policemen have to be employed to preserve order, and when he becomes sick and helpless society has to build a workhouse in which to house him. Thus there are not only many losses and evils directly incurred, but grievous indirect burdens, which, by abstracting money from the pockets of the people, cripple and destroy trade.

The influence of these various kinds of expenditure upon the national wealth and trade will at once be evident. At the end of the five years the first man has increased the nation's wealth £150, the second one nothing, whilst the conduct of the third man has not only not increased wealth, but has decreased it, probably to the extent of £100; and reckoning the difference between the £150 increase of the first and the £100 decrease of the third, it gives a loss to the country arising from the conduct of the third man as compared to the first of £250, besides all the misery, vice, and degradation which result.

At the end of the five years the first man has an increase in his income of 4s. weekly. This increase of income augments his spending power; for instead of having 30s. weekly to spend he has 34s., or 15 per cent more than he had five years before. This increase of spending power increases trade proportionately; and so it would go on augmenting year by year in more than arithmetical proportion, and if all acted thus, real bad trade would be an utter impossibility.

If we multiply these individual cases by the aggregate of such cases throughout the United Kingdom, it will give us some idea as to the great waste of wealth and the great mischief to trade which improvident expenditure causes. At the very least one-fourth of the nation's expenditure, or £4,250,000 weekly, is of this character, wholly unproductive, and much of it destructive, to remedy the evils resulting from which the country has to sacrifice at least another £2,000,000 every week, making a total loss of over £6,000,000, or above one-third of the entire income of the country.

What an impetus would be given to trade, and what an accumulation of wealth there would be, if this expenditure, or even if half of it, were expended reproductively. It would add £150,000,000 yearly to the nation's wealth, and to the same extent it would stimulate trade, and it would create an increased demand for labour that would bring into industrial harness the unemployed,

the vagrant, and the pauper, who, instead of being a source of taxation and burden to the community, would become producers of wealth, and so in a further manner the trade and commerce and wealth of the country would be increased.

If out of the £17,000,000 which is the weekly income of the United Kingdom £3,000,000 were regularly thrown into the sea, every one would at once perceive what a disastrous influence it would have upon our trade; but if the £3,000,000, instead of being thrown into the sea, is spent in a way that leads to loss of labour, waste of food, destruction of health and life, increased taxation, deterioration of workmen, &c., &c., its influence upon trade must be still worse, because there is not only the loss of the £3,000,000 but the loss of the money needed to atone for the mischief which it produces. But this is what results from the traffic in intoxicating drinks.

I might dwell at greater length upon this department of the subject, but time forbids, and the illustrations I have given will, I am confident, show the influence of a right expenditure upon trade. I will draw my paper to a close by making a few remarks as to the probabilities of trade generally in the future.

And first I would remark that when we consider the influences which have been at work during the last few years we cannot be surprised that trade should have been bad. I will only refer to a few of these:—

1. The wars which have occurred have destroyed much wealth; and besides the destruction of wealth, the cost of the gigantic armaments which have been and are still maintained have added enormously to the taxation of the people; and besides this there has been the diversion of the labour of the men from the productive atmosphere of the field, the workshop, &c., to the idle atmosphere of the barracks, or the still worse atmosphere of the canteen. All these things have had a most pernicious influence upon the trade and commerce of the world.

2. During the last few years there has been a feeling of disquiet

and unrest in the political relationship of some of the principal countries in the world ; and as we ourselves have had some share in this policy of disquiet we have also shared in the fruits. I have before stated that such a condition of things is at variance with the development of industrial enterprise, and its existence has done much to aggravate the depression which other evils have engendered.

3. The extravagant and unproductive character of much of the expenditure, both public and private, which has gone on for the last few years has operated most mischievously upon trade. Many nations have contracted loans to meet their lavish expenditure, and in some cases neither principal nor interest are being repaid. Private individuals have followed in the same reckless course, and we have thus seen a growing personal general expenditure accompanied in many cases by increased dissipation. At the same time there has been a disposition to decrease the production by doing less work. We have thus burnt the candle of trade at both ends. No wonder, then, that in its proportions it has gone small and beautifully less.

4. Along with these causes of depression, which are all self-created ones, we have had other influences in operation which have been detrimental to trade, influences which to a considerable extent, though not wholly, are outside our own doing. I refer to the bad harvests which have occurred in many countries, in some so severe as to lend to famine. In our own country and throughout the continent of Europe for the last few years we have suffered somewhat from deficient harvests, whilst in China and India there have been disastrous famines, and now in Asia Minor and the countries adjacent the people are suffering from the same cause. Bad harvests always damage trade, because they increase the price of food ; for food being a necessity of life, clothing and other things come second. Hence, when food is dear there is so much less of a surplus for other purposes. By irrigation in the East, and by more efficient drainage at home, we might, however,

very much mitigate the evils of the bad weather which at times exists; and if, besides this, in years of plenty we made provision for times of scarcity, we should suffer but little, inasmuch as, taking one year with another, we are blessed with harvests that more than supply an abundance for all our wants.

And now a few words as to the future. There is a very general fear that our trade and commerce has reached its utmost limits, and that there is no room for further expansion. In my judgment this fear results from an ignorance of the facts of the case as to the commerce of the world and the position of its inhabitants. Taking the world all round, I should estimate that it is not more than one-tenth supplied in a moderate degree with the comforts of life; and when, as civilisation advances, this void is filled up, surely we may expect to get a fair share of the trade which the demand will develope. Look at China, with its 400,000,000 of population, taking goods annually from us to the extent of not more than £5,000,000 in value. Why, here alone is a field where we may increase our trade at least from fifteen to twenty fold or more. The same will be the case in most countries in the world.

And if we look at the condition of the world in regard to the difficulties of distribution, we shall see how greatly this must cripple trade. Good roads, railways, and other means of transit are needed. In many countries we are but at the beginning of these improvements, and all the benefits resulting therefrom we have yet to reap. In the ordinary course of things, if we have a Government that will seek to promote amity and peace among the nations of the earth, and develope trade and commerce, there is no reason why, during the next quarter of a century, our trade should not expand to a degree even surpassing the marvellous developments of the past.

But shall we not be beaten in the competitive race, and will not this trade be taken from us by other countries? As yet there are not many signs of this, though in the United States of America there are dangers ahead, for, like ourselves, they have boundless

resources, and if they get their debt paid off, and keep down the expenses of their armaments, and also practice habits of economy personally, it is not impossible that they may beat us, though if we ourselves are only mindful to play an economical and industrious part in the future, this need not be, for we have facilities for the production and distribution of wealth that probably neither the United States nor any other country in the world possesses, and therefore our chances of securing an abundant share of the world's trade are second to none.

We have coals abundant and cheap; we have also iron in abundance, and relatively as cheap as coal; we have a climate pre-eminently adapted for manufacturing; we have good roads, with railways and canals covering every part of the country; and our insular position gives us an immense coast-line, and brings every place within easy distance of the sea, the great highway of the nations. And then, too, in financial matters we possess facilities for the prosecution of trade which no other nation in the world enjoys. In every way, therefore, we possess exceptional advantages, and it can only be the result of our own perverse folly if ever we are beaten in the industrial race.

And yet this is very possible, for if, as a nation, we go on upholding, or perhaps augmenting, the present enormous expenditure of our Government, and if, at the same time, our heavy local taxation for pauperism, crime, &c., goes on, and if the heavy expense and difficulties attending the occupation and transfer of land be continued, and if the other evils and costs connected with the administration of our laws be continued, they will operate as constant national burdens upon our own industries, and as premiums upon the industries of other nations that are wise enough to avoid the follies which we perpetrate.

But if, in addition to this, we also practice habits of individual extravagance and waste, and if the leaders of the working classes encourage the notion that the way to better their condition is to produce little, and if, too, our extravagance partakes of the form

of dissipation that demoralises and deteriorates our industrial population, we shall have such an accumulation of burdens and drawbacks upon our trade as will much more than neutralise all the advantages which we possess—nay more, these very advantages will prove an evil, for when the wealth derived thereby is appropriated to habits that demoralise our population, it will accelerate the day when we shall forfeit our position as the foremost of commercial nations.

